

Motion by Bollweg, seconded by Greenfield, to adopt Resolution # 98-32 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the Spink County Conservation District in the amount of up to 53.7% of approved total project costs and not exceeding \$118,000 for the purpose of dredging Lake Redfield, construction of an animal waste system, and the removal of cattails. Motion carried.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution # 98-33 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the T-M Rural Water District in the amount of up to 11.6% of approved total project costs and not exceeding \$250,000 for the purpose of constructing improvements in and for its north distribution area to include a 300,000 gallon storage reservoir, a meter pit and valves for the town of Monroe, and distribution lines and appurtenances necessary to serve the town of Monroe and 56 rural users. Motion carried.

Motion by Larsen, seconded by Kennedy, to deny funding for the city of Wagner. Motion carried.

Motion by Kennedy, seconded by Kleinsasser, to adopt Resolution # 98-34 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the city of Watertown in the amount of up to 8.4% of approved total project costs and not exceeding \$42,500 for the purpose of constructing four animal waste systems, 17 small dams, and stabilizing approximately 2,400 l.f. of shoreline as part of the Lake Kampeska/Pelican Lake watershed project. Motion carried.

Motion by Kennedy, seconded by Kleinsasser, to adopt Resolution # 98-35 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the city of White Lake in the amount of up to 14.9% of approved total project costs and not exceeding \$80,000 for the purpose of replacing approximately 10,600 l.f. of water distribution main and 6,000 l.f. of sanitary sewer main. Motion carried.

Motion by Kennedy, seconded by Bollweg, to defer the funding decision for the city of Tyndall until the May 1998, Board of Water and Natural Resources meeting. Motion carried.

CITY OF CHAMBERLAIN CLEAN WATER SRF LOAN APPLICATION: Jim Anderson reported that the city of Chamberlain applied for an SRF loan to expand the city's wastewater collection system into a recently annexed area of the city. The project consists of the construction of about 21,000 feet of 15-inch sewer line, 1,900 feet of 10-inch sewer line, 4,100 feet of 8-inch forcemain, a lift station, and all necessary appurtenances.

Rick Sommerfeld reported that the city is requesting approval of a SRF loan in the amount of \$450,000 at 5.25% interest for a 20-year term. The city has pledged sales tax revenues toward repayment of the loan.

The staff recommended approval of the SRF loan contingent upon the resolution authorizing the sale of the bond becoming effective and the environmental review process being completed.

Greg Powell, city of Chamberlain, explained the project and answered questions from the board.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution # 98-36 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$450,000 at a 5.25% interest rate for a term of 20 years to the city of Chamberlain for the purpose of expanding the city's wastewater collection system into a recently annexed area of the city, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon the environmental review being completed. Motion carried.

CITY OF PIERRE CLEAN WATER SRF LOAN APPLICATION: Jim Anderson reported that the city of Pierre applied for an SRF loan to upgrade its wastewater treatment facility. The project involves improvements to the raw wastewater pumping station, modifications to the comminutor system, enclosure of the grit removal system, new aeration basins, new primary clarifiers, enclosure of the trickling filter pumping station, and a new air lift pump station. Improvements to the chlorination and dechlorination system, new final clarifiers, a new dissolved air flotation unit, a new sludge pump building, and new anaerobic digesters will also be included in the wastewater treatment plant upgrade.

Lynne Chasing Hawk reported that the city of Pierre requested an SRF loan in the amount of \$4,417,000 at 5.25% interest for a 20-year term. The city has pledged sales tax revenues toward repayment of the loan.

The staff recommended approval of the SRF loan contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon the environment review process being completed.

Kevin King, city of Pierre engineer, explained the project and answered questions from the board.

Motion by Kennedy, seconded by Kleinsasser, to adopt Resolution # 98-37 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$4,417,000 at a 5.25% interest rate for a term of 20 years to the city of Pierre for the purpose of upgrading its wastewater treatment facility, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust.

The loan is contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon the environmental review being completed. Motion carried. Greenfield abstained from voting.

CITY OF MOBRIDGE DRINKING WATER SRF LOAN APPLICATION: Jim Anderson reported that the city of Mobridge applied for an SRF loan for a water treatment plant upgrade project. The project involves improvements to the rapid mixing equipment, flocculation mixing variable frequency motors, filtration system, chemical feed facilities, backwash pumping facilities, instrumentation and controls, and non-process facilities.

Rick Sommerfeld reported that the city applied for a Drinking Water SRF loan in the amount of \$965,000 at 5.25% interest for a 20-year term. The city has pledged water revenues toward repayment of the loan.

The staff recommended approval of the SRF loan contingent upon the resolution authorizing the sale of the bond becoming effective.

Jon Hardcastle and Vern Hintz, city of Mobridge, discussed the project and answered questions from the board.

Motion by Bollweg, seconded by Kennedy, to adopt Resolution # 98-38 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$965,000 at a 5.25% interest rate for a term of 20 years to the city of Mobridge for the purpose of a water treatment plant upgrade project, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the resolution authorizing the sale of the bond becoming effective. Motion carried.

BLACK HAWK WATER USER DISTRICT DRINKING WATER SRF LOAN APPLICATION: Gayleen Lowe reported that the Black Hawk Water User District applied for a Drinking Water SRF loan to finance supply and distribution improvements within the district. The project will involve drilling a second well, constructing a pump house, installing chlorination and fluoridation equipment, and installing a total of 7,000 l.f. of new 8" water main to connect the new well to the existing system, hook up a mobile home park, and loop the existing system at Haas Lane. The project will eliminate the district's reliance on one well and will connect the Heritage Estates mobile home park within the Black Hawk WWD. The project will improve the water pressure within one of the existing subdivisions that is currently not looped.

Rick Sommerfeld reported that the Black Hawk Water User District applied for a \$500,000 loan at 5.25% interest for a 20-year term. Water revenues are pledged toward repayment of the loan.

The staff recommended approval of the SRF loan contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon the environmental review process being completed.

Cindy Lundin, manager of the Black Hawk Water User District, and Greg Palmer, Black Hills Council of Local Governments, explained the project and answered questions from the board.

Motion by Kennedy, seconded by Greenfield, to adopt Resolution # 98-39 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$500,000 at a 5.25% interest rate for a term of 20 years to the Black Hawk Water User District for the purpose of financing supply and distribution improvements and consolidation within the district, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the resolution authorizing the sale of the bond becoming effective and contingent upon the environmental review being completed. Motion carried.

WEB WATER DEVELOPMENT ASSOCIATION DRINKING WATER SRF LOAN

APPLICATION: Jim Anderson reported that WEB Water Development applied for a Drinking Water SRF loan for a project that involves system expansion and improvements to the water distribution system. The project consists of additional water lines paralleling existing transmission and distribution lines in the Aberdeen service area.

Lynne Chasing Hawk reported that WEB Water Development applied for a \$1,110,000 loan at 5% interest for a 15-year term. The district has pledged water revenues toward repayment of the loan. Ms. Chasing Hawk stated that this is the first Drinking Water SRF loan application the board has received from a nonprofit organization.

The staff recommended approval of the loan contingent upon the environment review process being completed and contingent upon entering into parity agreements with the Bureau of Reclamation and Rural Development.

Curt Hohn, Manager of WEB, discussed the project and answered questions from the board.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution # 98-40 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$1,110,000 at a 5% interest rate for a term of 15 years to the WEB Water Development Association for the purpose of system expansion and improvements to the water distribution system, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance

with all terms as set forth in the Indenture of Trust. The loan is contingent upon the environmental review being completed and contingent upon parity agreements with the Bureau of Reclamation and Rural Development. Motion carried.

OTHER BUSINESS: The next board meeting will be May 14, 1998, in Pierre.

Chairman Lowrie noted that there will be a Water Congress meeting April 2 and 3, 1998, at the Ramkota in Pierre.

ADJOURNMENT: Chairman Lowrie declared the meeting adjourned at noon.

Approved this 14th day of May, 1998.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

march98.bb

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3/25/98 LOCATION Matthew Training Center

Name (PLEASE PRINT)	Address	Representing
Don Ballweg	Harrold	BWNR
Anita Lowary	Groton	Groton City
GERALD RIV	GROTON	GROTON CITY
Pat Smith	300 E 4th Harrold	Harrold City
Barney Smith	300 E 4th	Harrold City
Thomas Safrang	Veblen	City of Veblen
Dennis Big	Veblen	Veblen City
Dale Kennedy	Brookford	B.W.N.R.
Tom Deu	Big Stone City	Big Stone City
Tom Deu	Big Stone City	Big Stone City
Gert Tager	Big Stone City	Big Stone City
Sean James	Brookings	Big Conservation Superior
Daryl England	Brookings	Panor Assoc.
Pam Crawford F.O.	Ipswich	Ipswich City
Dave Penfield-Mayor	Ipswich	Ipswich City
Beth Moore-Councilperson	Ipswich	Ipswich City
Susan Gosmini	Brookings	Brookings C.D.
David Rehnke	Pierre	DENR
Danil Templeton	Pierre	DENR
GREG Palmer	Brookings City	Brookings
KEN PEDERSEN	PARKER	THPWT

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3/25/98

LOCATION _____

Name (PLEASE PRINT)	Address	Representing
IRVIN Dykstra	PARLER	TM FWD
Dorene Lemme	Hagt:	Hamlin Cons. District
Bob & Pauline Strait	Arlington	Lake Poinsett Water Project Dist.
Sen Frank Kloucek	SCOTLAND	State Senator Leg Oversight
Tim BJORCK	PIERRE	DENR
Jim Wendte	"	"
Wagner Hartman	"	DENR
Jim Anderson	"	DENR
Steve Brockmuhl	Sioux Falls	City of Hartland
REP Bill Lemmy	BURKE	Leg. Oversight
Rick Samuels	Pierre	DENR
Pam Adams	Yankton	District III
Dave Offner	YANKTON	DISTRICT III
Mike Williams	810 10th AVE SE WATERTOWN	Upper Big Sioux
Max Williams	PO Box 37 Brentford	Turtle Creek-Sp Co C.D.
Barb Lemack	Redfield	Turtle Creek
Richard Langer	Belle Fourche	Prairie Mill Water & Pelv.
Lynne Chasing Hawk	Pierre	DENR
James Feeney	Pierre	DENR
Nolan Quenz	Mitchell	SPD + Assoc
MARK McINTIRE	PIERRE	DENR
Adrian Heftmann	Lake City	Town of Lake City

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3/25/98

LOCATION _____

Name (PLEASE PRINT)	Address	Representing
Doug Nelson	Chamberlain	City of Chamberlain
Greg Powell	"	"
Wendy Henning	Aberdeen	NECOG
Erie Singer	Aberdeen	NECOG
KENROY SANZEN	RAPID CITY	CHAMBERLAIN
Terry Helms	Aberdeen	Helms & Assoc.
Maureen Raschke	Decorah	TRW DD
Ginger Peschl	Tyndall	Tyndall
Gayteen Lowe	Pierre	DENR
Lee W. Strong	Salem	City of Salem
Cindy Lundin	Black Hawk	Black Hawk
Kevin Bradwisch	White Lake	White Lake
Don Bies	White Lake	White Lake
Bob Mercer	Pierre	Rapid City Journal
Carol Wogee	Colome	City of Colome
Mike Perkowski	Pierre	DENR
Jay Gilbertson	Brookings	EDWDD
Kath Festring	Pierre	DENR
David Wade	Britton	BDM Rural Water
Patrick Fleming	Lake City	Town of Lake City
Michael Nulke	Clear Lake	City of Clear Lake

BOARD OF WATER AND NATURAL RESOURCES ATTENDANCE SHEET

DATE 3/25/98

LOCATION _____

Name (PLEASE PRINT)

Address

Representing

	Address	Representing
July 15th	Union	Beale CD
W. W. W.	Union	Beale CD
G. L. L.	Artesian	Artesian SD
J. L. L.	Artesian	Artesian SD
H. W. W.	Artesian	Artesian SD
Thomas Fridley	Artesian	Artesian SD
Emily F. L.	Box 187 LOST	Lower Brook SD
Scott Thompson	Doland	City of Doland
Ken H.	Doland	Doland
Dan G.	White Lake	White Lake
John Childs	Pierre	City of Pierre
David Ryan	Pierre	Pierre

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3-26-98

LOCATION Flag Mathew Training Center

Name (PLEASE PRINT)

Address

Representing

Jerry Kleinmann

Audfield

DENR

Rick Schfechter

Watertown, SD

City of Watertown

Leona Huber

Watertown SD

City of Watertown

Jay Gilbertson

Brookings

EDWDD

Lynne Chasing Hawk

Pierre

DENR

David Ruhnke

Pierre

DENR

Ray P. L. Cerny

BURKE

Leg. Oversight

Jim Wendte

Pierre

DENR

Sen Frank Klourek

Scotland

#19 State Senator

Gayleen Lowe

Pierre

DENR

David C. Johnson

Siox Falls

SIOG

Dave Johnson

Yankton

District III

Pam Vicks

Yankton

District III

Rick Sommerfeld

Pierre

DENR

GREG Palmer

Rapid City

BINGLY

Wanda Hartman

Pierre

DENR

James R. Fackler

Hebron

JRWDD

Daryl Englund

Brookings

Banner Assoc.

Don Weraest

Hot Springs

City of H.S.

Cindy Trudell

Black Hawk

Black Hawk Water

Lenny J. Spahr

CUSTER

Sander Sanitation Svc

BOARD OF WATER AND NATURAL RESOURCES

ATTENDANCE SHEET

DATE 3-26-98

LOCATION _____

Name (PLEASE PRINT)

Address

Representing

Terry Helms

Address
Aberdeen SD

Representing Helms & Assoc

Larry Petrik

Wagner S.D

Petrík Sanitation

Richard Langer

Beller Fowd

F.H. Water & Del

Ginger Peschl

Tyndall

Tyndall City

Prof. Hardcourt

M. denitz

City of Moberly

Vern Hentz

Cambridge

City of Mobile

King, P. & L. S.

Pierre 50

City of Pierre

Carl Hahn

Aberdeen

WER

Bill VanDyne

Tyndaal

TYNDALE

KENROY VANZEN

RADIO CITY

CLARK ENG. CORP

AUDIT POLICY GUIDELINES

The following audit policy is hereby adopted by the Board of Water and Natural Resources for the Consolidated Water Facilities Construction Program and the Solid Waste Management Program. This policy supplements the federal Single Audit Act of 1984, and OMB Circulars A-128 and A-133. Any audit requirements imposed by other state agencies should be considered in conjunction with this policy.

AUDIT REQUIREMENTS

1. Final audits shall normally be required, except as hereinafter provided.
2. Audits shall be conducted by the Auditor General, or by a Certified Public Accountant approved by the Auditor General, in accordance with his guidelines.
3. Audits shall be conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.
4. Counties, municipalities and school districts participating in the Program may submit a biennial audit report pursuant to SDCL 4-11, covering two fiscal years, in lieu of a final audit.
5. If a single audit is required because of the direct or indirect receipt of federal financial assistance, the audit shall include the consideration of the internal control structure over the program or project financed in whole or in part through ~~the Consolidated Water Facilities Construction Program~~ either program, and related legal compliance testing, provided the grant or loan amount received during the fiscal year exceeds ~~\$25,000~~ 100,000. A Schedule of State Financial Assistance must be reported on and included.
6. If a single audit is not required, any entity receiving a grant or loan of at least ~~\$25,000~~ 100,000 shall be required to ~~submit~~ perform a financial and compliance audit within 12 months after the final disbursement of funds under the following circumstances:
 - a. Entity receives ~~\$25,000~~ 100,000 or less in ~~Consolidated~~ grant or loan funds - no audit required.
 - b. Entity receives ~~\$25,001~~ 100,001 - ~~\$99,999~~ 299,999 - program specific or entity-wide audit (recipient's choice) required.
 - c. Entity receives ~~\$100,000~~ 300,000 or more - entity-wide audit required.
7. If the entity receives a loan from either the Clean Water State Revolving Fund Program or the Drinking Water State Revolving Fund Program, and also receives grant or loan funds

from the Consolidated Program, compliance with the audit requirements of the SRF loan constitutes compliance with the audit requirements of the Consolidated Program.

- 78. The auditor shall obtain a sufficient understanding of the internal control structure used in administering the grant or loan to be able to identify and report on reportable conditions and material weaknesses, as those terms are applied by generally accepted auditing standards. The auditor shall also perform tests of compliance with applicable state laws, regulations and grant or loan contract terms and conditions, to the extent necessary to enable the issuance of a report on the results of the testing as required by Government Auditing Standards.
- 89. Working papers supporting the audit report shall be available for inspection and retained a minimum of three years from the date of issuance of the audit report, unless notified otherwise.
- 910. The audit report shall contain financial statements, and related disclosures, prepared in accordance with generally accepted accounting principles or other comprehensive basis of accounting, for each fiscal year included in the audit period, except for a program specific audit which shall contain a statement of project receipts, disbursements and changes in project cash balance covering the project period. The audit report shall also contain a schedule of state financial assistance together with the auditor's "in relation to" report on this supplementary schedule; the Independent Auditor's Report on the financial statements; the Auditor's Report on the Internal Control Structure; and the Auditor's Report on Compliance with Laws and Regulations. The report shall disclose all detected errors, violations of laws and/or regulations, and items of questioned costs related to the Program. Additionally, the auditor shall report on the status of findings and questioned costs disclosed in prior audit reports.
- ~~10~~11. The audit report must be completed and issued not later than the end of the 12th month following the final disbursement of Consolidated funds. Failure to complete the audit within the required time period will be considered an instance of noncompliance.

AUDIT RESOLUTION

Resolution of identified instances of noncompliance and questioned costs shall be completed in as timely a manner as possible, normally within 12 months after issuance of the auditor's report. If an unresolved audit question occurs, involving a violation of applicable state law, the Board: 1) may recall all, or any portion of, the affected monies; 2) may request corrective action; or 3) may declare the recipient ineligible for future grants or loans or future installments of an existing grant or loan. Any monies recalled or withheld would be returned to the Water and Environment Fund for redistribution by the Board of Water and Natural Resources.

SIGNIFICANT COMPLIANCE MATTERS

The auditor shall test for compliance with the following requirements, and shall report on the results of that testing:

Allowable Costs:

All costs reasonably necessary for the completion of the project are allowable, as identified in ARSD 74:05:07:10 and ARSD 74:05:10:13 respectively.

Matching Requirements:

State participation in the project shall not exceed the percentage, or the maximum state award, identified on the grant or loan agreement.

Special Terms and Conditions:

Grants: Following project completion the auditor shall test for the special grant conditions as set forth in the grant agreement.

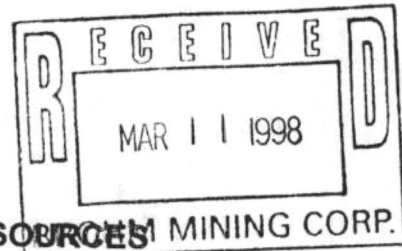
Loans: Following project completion the borrower is required to certify that revenues generated by the project are sufficient to cover current costs of operation; to build a reserve for anticipated repairs and maintenance during the life of the project; and to accumulate financial resources sufficient to meet all principal and interest payments in accordance with the debt repayment schedule.

9. Grant proceeds will be kept in the state treasury, in the Water and Environment Fund, and shall be disbursed based upon the Grantee's request for disbursements. Grantee will submit signed requests for disbursements using a form prescribed by the State, together with all attachments required by such form. The request for disbursement will be submitted to such person or persons as the State may designate for approval. Disbursements may be obtained only for those Project costs which have been legally incurred, and which are due and payable, or have been paid by the Grantee. The Grantee will designate, by duly adopted resolution, an official to certify on Grantee's behalf that the request submitted is correct and is a valid expenditure for the Project. The State reserves the right, at its option, to disburse the funds directly to the contractor or sub-contractor supplying the service or material for which the payment is sought. Disbursements for travel and subsistence may not exceed the rates established in the rules and regulations of the State Board of Finance relating to travel and subsistence expenses for state employees. No funds will be disbursed until all fees owed by the Grantee to the Department of Environment and Natural Resources are paid.
10. Prior to the drawdown of grant funds, Grantee will supply the State with evidence, in a form satisfactory to the State, of the commitment of funds from other sources for use, together with the funds granted hereby, in the construction of the Project.
11. Grantee will submit, if requested, within ten (10) working days of the end of a quarter, on a form provided by the State, an activity status report detailing the progress, operations, and financial condition of the Project and its facilities, which reports may include the entire construction and operation of the Project and all revenues and expenditures of the Project. If the grant is for more than ~~\$25,000~~ 100,000 dollars, but less than ~~\$100,000~~ 300,000, the Grantee also agrees to perform a final project audit performed by a qualified independent accountant duly licensed in the State of South Dakota. If the grant is ~~\$100,000~~ 300,000 or more, the final audit performed must be an entity-wide audit.
12. Grantee will insure that all land surveys are conducted by a land surveyor registered in the State of South Dakota, and that the final plans and specifications are prepared under the supervision of and approved by a professional architect or engineer licensed and registered in the State of South Dakota.
13. Grantee will maintain an acceptance certificate completed by the architect or engineer in charge of the Project in the Grantee's files.
14. The Grantee shall at all times during the term of this Grant Agreement keep and maintain property and casualty insurance, workers compensation, and liability insurance with insurers licensed to do business in the State, against such risks and in such amounts as are customary in the State for entities of the same or similar size and type as the Grantee, and similarly situated with facilities of the Project's type, and provide proof of such coverage to the State. Any policy provided pursuant to this section must provide that it cannot be canceled without 30 days prior written notice of cancellation.

13. Grantee will submit, if requested, within ten (10) working days of the end of a quarter, on a form provided by the State, an activity status report detailing the progress, operations, and financial condition of the Project and its facilities, which reports may include the entire construction and operation of the Project and all revenues and expenditures of the Project. If the grant is for more than ~~\$25,000~~ \$100,000, but less than ~~\$100,000~~ \$300,000, the Grantee also agrees to perform a final project audit performed by a qualified independent accountant duly licensed in the State of South Dakota. If the grant is ~~\$100,000~~ \$300,000 or more, the final audit performed must be an entity-wide audit.
14. Grantee will insure that all land surveys are conducted by a land surveyor registered in the State of South Dakota, and that the final plans and specifications are prepared under the supervision of a professional architect or engineer licensed and registered in the State of South Dakota.
15. Grantee will maintain an acceptance certificate completed by the architect or engineer in charge of the Project in the Grantee's files.
16. The Grantee shall at all times during the term of this Grant Agreement keep and maintain property and casualty insurance, workers compensation, and liability insurance with insurers licensed to do business in the State, against such risks and in such amounts as are customary in the State for entities of the same or similar size and type as the Grantee, and similarly situated with facilities of the Project's type, and provide proof of such coverage to the State. Any policy provided pursuant to this section must provide that it cannot be canceled without 30 days prior written notice of cancellation.
17. Grantee agrees to indemnify and hold the State, its officers, agents, employees, assigns and successors in interest harmless from any and all claims or liability of any kind or character whatsoever arising from or connected with the construction, operation, or maintenance of the Project funded herein, provided that nothing herein requires the Grantee to indemnify the State for its own acts or omissions.
18. Prior to the disbursement of funds, Grantee will provide the State with the written opinion of an attorney duly licensed to practice law in the State of South Dakota, said opinion certifying, if applicable:
 - a. That the Grantee is a duly organized and existing legal entity under State law, that the Grantee has the legal power to enter into this Grant Agreement both as a matter of State law and according to its enabling documents, and that its governing board has duly authorized these transactions by appropriate resolutions;
 - b. That Grantee, has acquired or will acquire the real property necessary for the construction of the Project, together with those rights-of-way, easements, permits, and licenses necessary for the construction, operation and maintenance of the Project; that the legal instruments evidencing that acquisition are in appropriate

AGENDA

BOARD OF WATER AND NATURAL RESOURCES
Floyd Matthew Training Center
523 East Capitol
Pierre, SD
March 25-26, 1998



March 25, 1998

1:00 p.m. CST

1. Call Meeting To Order
2. Approve Agenda
3. Approve Minutes of February 19, 1998 Teleconference Meeting
4. State Water Facilities Plan Applications - Dave Ruhnke

1:30 pm. CST

5. Black Hawk Water User District Expansion Petition - Laurie Gates
6. Presentation of Solid Waste Loan Applications - David Ryan
7. Big Stone City/Groton Consolidated Amendment Requests - Dave Ruhnke
8. Consolidated Funding Applications - Jim Feeney

4:00 p.m. CST

9. SD Wildlife Habitat Mitigation Act (S. 1341) - Sec. John Cooper, GF&P

Recess

March 26, 1998

7:30 a.m. CST

10. Board Breakfast with Governor Janklow

9:00 a.m. CST

11. Division Update - Dave Templeton
12. Source Water Assessment Work Plan Review - Tricia Sebes
13. Consolidated Audit Policy Review - Dave Ruhnke
14. Solid Waste Audit Policy Review - Dave Ryan
15. Arlington/Claremont/Highmore Consolidated Time Extension Requests - Dave Ruhnke

10:00 a.m. CST

16. Solid Waste Funding Decisions - Dave Ryan
17. Consolidated Funding Decisions - Jim Feeney

(continued on back)

11:00 a.m. CST

18. City of Valley Springs Clean Water SRF Loan Application - Jim Wendte/Lynne Chasing Hawk
19. City of Chamberlain Clean Water SRF Loan Application - Jim Anderson/Rick Sommerfeld
20. City of Pierre Clean Water SRF Loan Application - Jim Anderson/Lynne Chasing Hawk
21. City of Mobridge Drinking Water SRF Loan Application - Jim Anderson/Rick Sommerfeld
22. Black Hawk Water Users District Drinking Water SRF Loan Application - Gayleen Lowe/Rick Sommerfeld
23. WEB Rural Water System Drinking Water SRF Loan Application - Jim Anderson/Lynne Chasing Hawk

11:45 a.m. CST

24. Amend 1998 Drinking Water State Revolving Fund Intended Use Plan - Mike Perkovich
25. Other Business
26. Adjourn

Minutes of the
Board of Water and Natural Resources
Telephone Conference Call Meeting

February 19, 1998
9:00 a.m. CST

CALL MEETING TO ORDER: The meeting was called to order by Chairman Steve Lowrie. A quorum was present.

BOARD MEMBERS PRESENT: Steve Lowrie, John Loucks, Gregg Greenfield, Don Bollweg, and Roger Larsen.

BOARD MEMBERS ABSENT: Dale Kennedy and Jerry Kleinsasser.

STAFF PRESENT: Dave Templeton, Jim Feeney, Lynne Chasing Hawk, David Ruhnke, Mike Perkovich, Jim Wendte, and Brenda Binegar.

OTHERS PRESENT: Pat Cerny, Southern Missouri WDD; Bert Olson and Kristie Wiederrich, First National Bank in Sioux Falls; and Steve Brockmueller, Stockwell Engineers.

APPROVE AGENDA: Mr. Feeney noted that the Valley Springs Clean Water SRF loan application had been withdrawn for consideration at this meeting.

Motion by Larsen, seconded by Loucks, to approve the agenda as amended. A roll call vote was taken, and the motion carried.

APPROVE MINUTES OF JANUARY 8, 1998, MEETING: Motion by Greenfield, seconded by Bollweg, to approve the minutes from the January 8, 1998, Board of Water and Natural Resources meeting conducted via the Rural Development Telecommunications Network. A roll call vote was taken, and the motion carried.

APPOINTMENT OF TEMPORARY SECRETARY: Motion by Loucks, seconded by Greenfield, to appoint Don Bollweg as acting secretary. A roll call vote was taken, and the motion carried.

CITY OF BRANDON DRINKING WATER SRF LOAN APPLICATION: Jim Wendte reported that the city of Brandon applied for a Drinking Water State Revolving Fund loan in the amount of \$1,600,000. The project involves construction of a new water treatment plant and an additional well to increase the city's water supply capacity. Another well is needed to meet Brandon's growing water supply demands, and a new treatment plant is necessary to provide continued safe drinking water. Water from the new well is expected to be high in both iron and manganese resulting in the need for a treatment plant capable of providing oxidation and filtration.

Chairman Lowrie asked if the city of Brandon intended to hookup to Lewis and Clark Rural Water System.

Mr. Feeney answered that the city made a determination about two years ago not to participate in the Lewis and Clark project.

Lynne Chasing Hawk reported that the city of Brandon requested a \$1,600,000 Drinking Water SRF loan at 5% interest for a term of 15 years. Water revenues have been pledged toward repayment of the loan.

The staff recommended approval of the loan with the following contingencies: 1) contingent on the resolution authorizing the sale of the bond becoming effective; 2) contingent on the environmental review being completed; and 3) contingent on the city securing the necessary water right permit for the well.

Steve Brockmueller, Stockwell Engineers, discussed the project and the need for the SRF loan. He noted that the city had applied for the water permit.

Mr. Loucks asked why the city does not intend to hookup to Lewis and Clark.

Mr. Brockmueller stated that the city had initially signed up to be included in the project. As the cost of the project became more defined, the city decided that since it was located over the Split Rock Creek aquifer and there was already an adequate supply of water available, it would be more cost effective for the city to develop its own water supply.

Motion by Loucks, seconded by Bollweg, to adopt Resolution #98-08 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$1,600,000 at a 5% interest rate for a term of 15 years for the city of Brandon for the purpose of constructing a new water treatment plant and an additional well, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, accept and assign the Local Obligation to the Trustee, and execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent on the resolution authorizing the sale of the bond becoming effective, contingent on the environmental review being completed, and contingent on the city securing a water right permit for the well. A roll call vote was taken, and the motion carried.

CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM GRANT

AMENDMENT REQUESTS: SDCL 74:05:07:14 states that a recipient of consolidated funding must expend the funds awarded to it within two years from the date the board approved the application. The rule does allow the recipient to obtain up to a one-year extension if it can demonstrate that a diligent effort to develop the project has been made and that progress is being made on the project.